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DRUG STORE NEWS®

Vol. 8/No. 7 **Serving chains, wholesalers and high-volume independents for 57 years.** Published by Lebhar-Friedman Inc. March 31, 1986

Management group seeks to buy Revco

$1.16B in cash, stock offered for drug chain

TWINSBURG, Ohio — A group of top Revco officers, led by chairman and ceo Sidney Dworkin, has proposed a $1.16 billion leveraged buyout to the Revco Board of Directors.

The investor group, which includes William B. Edwards, president and chief operating officer, and R. Carroll Hudson, executive and chief financial officer, offered $33 per share, plus preferred stock with an estimated value of $3 for 32.3 million shares.

The board created a committee to review the fairness of the offer to stockholders, and a Revco spokesman said that no timetable has been announced for a decision. Shareholders will have to vote on the proposal.

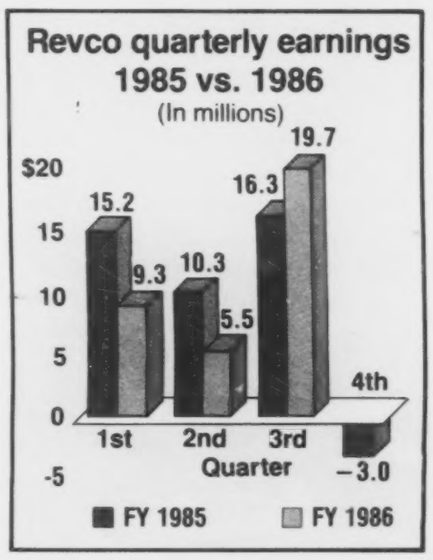
Revco management declined to reveal details of the proposed financing. However, sources said that the Wells Fargo Bank is arranging $600

See **Revco**, page 30

Sidney Dworkin

William B. Edwards

R. Carroll Hudson



Analysts see drive to trim fat, upgrade

By Dave Vaczek

TWINSBURG, Ohio — Revco as a private company will focus on upgrading store operations and merchandising and accelerate a program of closing marginal stores, observers said.

Improving profitability will be the first priority. In the wake of a leveraged buyout (LBO), the industry's largest chain is likely as well to spin off secondary businesses, with the goal of enhancing the bottom line.

But selling businesses won't necessarily be enough to pay for needed store upgrading and for the cost of servicing the $1.4 billion in debt that management will take on.

Drug store cash flow will be the linchpin to operations. Improved fiscal results—which the company announced in the third quarter, with healthy drug store sales gains—are a critical ingredient in the buyout's success, analysts said.

"They'll clean it up, shrink it, but make it more profitable," said Jonathan Zeigler, an analyst with Sutro & Co., a San Francisco brokerage firm.

Industry observers expect to see these changes:

- A stepped-up program of closing marginal stores.
- A more selective approach in new store openings.
- An emphasis on remerchandising stores.
- Fine-tuning of store management, which will include placing less management responsibility on pharmacists.

Some analysts said that Revco is likely to curtail store expansion, but other industry observers said the chain will have to rely as strongly as before on new store growth to

See **Analysts**, page 30

Pay 'n Save renaissance keyed to new prototype

By Lou Karney

SEATTLE — Can Bill Zimmerman's marketing magic restore Pay 'n Save to its former glory?

Late last year Zimmerman, formerly the guiding force of Pic 'n Save, bought half ownership in the 108-store Pay 'n Save Drug. Pic 'n Save operates 95 general merchandise discount stores in seven Western states, 66 of them in California—but none in the Pacific Northwest.

For Pay 'n Save, the rescue mission couldn't have come too soon. The Seattle-based chain, kingpin of drug retail-

News Analysis

ing in Washington as recently as three years ago, has been on a downslide. Per-store sales, which rose from $2 million to $3 million in the 60's and early 70's to $4 million-$5 million in the late 70's, are down.

The outlines of Zimmerman's profit plan are visible in the new prototype at Woodinville, 10 miles east of Seattle. All Pay 'n Save stores will be cast in that mold by this fall.

The prototype features a race track layout, a "stadium" presentation (layered gondolas which radiate from the center of the store for "one-stop" visibility), increased im-

See **Pay 'n Save**, page 30

Artificial nails are hot at Peoples' expo See page 9

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BETHESDA MD 20814

New eye care concept passes test

Eckerd betting on Visionworks

With the opening of its two latest Visionworks stores, Eckerd Corp. now has a total of five medically dispensing "super" eye care stores in operation.

By Liz Parks

CLEARWATER, Fla. — Jack Eckerd Corp., in the midst of trying to complete a leveraged buyout, has just opened two new upscale Visionworks medical eye care department stores and confirmed plans to open at least another six during the year.

The two new stores, which opened last month in the Tampa/St. Petersburg market, now bring the number of Vi-

See related story, page 3

sionworks to five. The openings also end what Eckerd management calls "our initial testing phase of the concept."

Management says the company will now concentrate on penetrating the west coast of Florida, striving in the process to determine "how well we can do in an area when we concentrate four or five stores in a major metro area and support them with a major advertising campaign."

Both Mike Bernstein, the vice president in charge of Eckerd's Optical Division, which consists of about 135 optical dispensing stores as well as the five Visionworks, and

See **Eckerd**, page 30

NEWS IN BRIEF

Rite Aid names Grass exec vp

SHIREMANSTOWN, Pa. — Rite Aid Corp. announced that Martin Grass has been promoted to executive vp.

Grass, 32, joined the company in 1978 as a real estate representative and has been senior vp since 1984.

Fay's net earnings drop

LIVERPOOL, N.Y. — Fay's Drug Co. reported that net earnings for the year ended Jan. 31 fell to $2.8 million, or 20¢ a share, from $8.7 million, or 62¢ a share, the previous year.

Revenues increased to $445 million from $367 million.

The company attributed the earnings slide to increased competitive pressures in its upstate New York markets, which forced a reduction in drug store margins, and to a stepped-up expansion program. Fay's said the 29 new stores, including 20 drug units, "will enhance the long-term profitability of the company."

Genovese sales up, earnings down

MELVILLE, N.Y. — Genovese Drug Stores, which reported higher sales and lower net earnings for the fourth quarter and fiscal year ended Jan. 31, anticipates a rebound in fiscal 1987.

VP-marketing Donald Gross noted year-to-date sales are up 12%, cost containment controls are in place, and the chain's new 155,000-sq.-ft. distribution center (DC) is growing more efficient while enabling Genovese to buy merchandise in larger quantities at lower cost.

Earnings in fiscal 1986 were impacted by start-up costs of the DC, preopening expenses on new stores and competitive pricing in its markets, he added.

Full-year sales at the 77-store chain rose to $233.2 million, up from $220.3 million a year ago. Net income slid to $2.9 million from $4.1 million, despite a $2.7 million gain on the sale of nine stores and a parcel of land.

Fourth quarter sales rose to $61.8 million from $56.8 million a year earlier.

Former Peoples' prez Johnson dies

COS COB, Conn. — Bill Johnson, who served as president of Peoples Drug Stores for five years until his retirement in 1977, died recently at the age of 68.

He served under chairmen Bill Pannill and Bud Fantle, and was the first president to succeed George Burrus, who held the post 25 years. Johnson helped swing Peoples into a new growth period, a chain spokesman said.

Johnson was described as a "thorough, detail-oriented man who knew everyone," the Peoples spokesman said.

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Drug Store News (ISSN 0191-7587), is published biweekly—every other Monday, monthly in December plus extra Pharmacist's Reference issue in April, as well as an extra Annual Pharmacists Guide to OTC Patient Counseling in October, by Lebhar-Friedman Inc., 425 Park Ave., New York, N.Y. 10022. Subscription rates: Infield subscribers, retailers and wholesalers, one year $19.50; two years $35. Out-of-field subscribers, manufacturers, schools, libraries and all others, one year $39. Single copy rate $2. Foreign subscriptions: Airmail only $125 per year.

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Perry targets $1B sales, cultivating its urban turf

PONTIAC, Mich. — Perry Drug Stores is aiming at the $1 billion sales mark for 1990, Perry chairman and ceo Jack Robinson told shareholders at the annual meeting.

With a plan to place less emphasis on diversification and concentrate store expansion within its existing eight-state market, Perry should post 18% annual sales growth and 15% annual store unit growth in its drug stores, auto parts, and health care divisions. Sales should hit $800 million in 1988, Robinson forecasts.

Perry will add 15 drug stores in 1986, compared to eight last year. The growth will occur within Perry's drug store territory of Michigan, Wisconsin, Illinois and Indiana, with aggressive emphasis on developing urban markets—notably Detroit—using a smaller prototype store it began testing last year, according to Mickey Kole, senior vp-store operations and the president of the drug division.

"We're getting lots of sites shown to us by the real estate people in the markets we're in now," said Kole. He added that a key goal is building "a critical mass" of stores within existing markets, allowing economies of scale.

The new prototype units—based on a 10,880-sq.-ft. store introduced last spring in Milwaukee—will include high-margin and high-turn departments identified last year in a continuing review of the merchandise mix, said Kole.

Perry president and ceo Donald Fox said 36% of specialty departments have been eliminated based on their performance store by store.

Departments eliminated in some stores and retained in others include: records, sporting goods, plumbing, marine, live pets, hardware, paint and auto centers, Fox said.

Using high-profit categories, the company will seek to increase sales per square foot in the smaller stores, which will provide site selection flexibility in urban neighborhoods and reduce occupancy costs.

Perry opened its second small prototype in Muskeegan, Mich., March 12. Targeted growth areas include Louisville, Ky.; Indianapolis; Huntington and Charleston, W. Va.; and, in Michigan, Kalamazoo, Lansing, Grand Rapids, Flint, Bay City and Saginaw. The chain finished the year with 192 drug stores, 184 auto parts stores and five health care companies.

Robinson predicted Perry will post sales of $615 million in the 1986 fiscal year ending Oct. 31, up from 1985's $521.6 million, with earnings at least matching 1985's earnings of $9.7 million. He agreed with analysts' projections of 1986 earnings per share of $1.10 to $1.20, compared with 1985's 97¢.

Goal: 1,000 stores by 1990

Med Shoppe aims high

By Marjorie Shaffer

ST. LOUIS — On the heels of its sixth consecutive year of record earnings and growth, Medicine Shoppe, the franchised pharmacy chain based here, has set its sights on 1,000 stores by 1990, nearly double the number of stores currently in operation.

It is a goal that the financial community, which is beginning to take a closer look at the company, believes is within reach.

"That many stores by 1990 is do-able," said David Garino, an analyst who follows the chain for A. G. Edwards & Sons, St. Louis.

In fiscal 1985, Medicine Shoppe opened 88 new stores for a total of 565, and the company had a backlog of 169 signed license agreements. Garino believes the company could have opened more stores in 1985 but, he says, "They have not sacrificed long-term growth at the altar of short-term earnings gain, a healthy attitude."

Indeed, the balance sheet for Medicine Shoppe may well be the envy of some chains. Sales increased 25.7% to $214 million in 1985, and since 1982, franchisees' retail sales have more than doubled. Moreover, earnings from operations were up 31% to $1.036 million, and the company has practically no debt.

But perhaps the most revealing financial data is that the company has as much money in cash and short-term securities now as it had after the public stock offering in December 1983, which netted approximately $11.3 million.

According to Garino, the financial picture for the company can only improve as more of its franchisees' stores mature. Currently, the average Medicine Shoppe is not even five years old; in 1985 only nine stores passed the $1 million annual sales mark and only one exceeded $1.5 million.

The man leading the company into its future and who is largely responsible for much of its growth is Jerome Sheldon, the affable 50-year-old president and ceo of Medicine Shoppe and a former TRW conglomerate lawyer who negotiated the contracts on the descent module that landed on the moon.

See **Shoppe**, page 30

Antidepressants Wellbutrin, Merital withdrawn from market

RESEARCH TRIANGLE PARK, N.C. — It has not been a good year for newly approved antidepressant drugs, a $240 million U.S. market.

Burroughs Wellcome's Wellbutrin, an antidepressant approved Dec. 30, 1985 for use in patients who fail to respond adequately to, or cannot tolerate, alternate antidepressant treatments, has been voluntarily withdrawn from the market. Nearly six million dosage units of the product have already been distributed to drug stores and wholesalers across the country in preparation for the March launch of the drug.

The withdrawal was due to seizures among four of 50 patients with bulimia, an eating disorder for which the drug is not indicated, who were taking Wellbutrin in a clinical study.

In a letter to pharmacists, Burroughs Wellcome repeatedly stressed that the antidepressant is associated with a high risk of seizures "at doses approximately one and one-third times greater than the usually required dose (450 mg)."

Moreover, the labeling of the drug contains a boldface warning against using Wellbutrin in patients with convulsive disorders and the statement that the drug "appears to possess a greater epileptogenic potential than other marketed antidepressants."

B-W had hoped to capture about 20% or $48 million of the antidepressant market with the new antidepressant, according to industry sources.

The withdrawal will remain in effect until the bulimia study is fully analyzed, according to the company.

Earlier in the year another newly approved antidepressant was voluntarily withdrawn from the market. Hoechst-Roussel initiated a worldwide voluntary recall of Merital (nomifensine) because of an unusual number of deaths associated with the drug's use in Great Britain, according to Hubert E. Huckel, chairman of Hoechst-Roussel Pharmaceuticals.

Merital was approved in the United States in December 1984, but the company did not launch it until the summer of 1985. The drug, however, was first approved in Europe in 1976 and was used in 80 countries.

It was pulled because of an "unusual clustering of hemolytic anemia" cases associated with the drug's use in Great Britain, said Roussel.

FINANCIAL

Amfac in the black again

SAN FRANCISCO — The Amfac Co., parent of Amfac Health Care, one of the country's leading drug wholesalers and hospital suppliers, is reporting annual net earnings of $17.9 million, making 1985 the company's first profitable year in two years.

Last year the company lost $14.1 million on total sales of $2.4 billion. This year for the period ended Dec. 31, total sales were up 2% to $2.4 billion.

However, in spite of Amfac's return to profitability after two loss years, chairman Henry A. Walker Jr. said that 1985 results were still adversely affected by losses in Amfac's plumbing and industrial distribution businesses and in its sugar operations.

Walker said the diversified company is now "working hard" to increase profitability in its trouble divisions and to find alternative uses for its agricultural land in Hawaii.

At Amfac, distribution accounts for approximately 55% of total sales.

By the end of the second quarter of 1986, Amfac is hoping to have its Health Care division completely computerized. In a move to improve the profitability of Amfac's distribution business, other distribution entities, including Amfac Supply and Amfac Electric, are also being computerized.

Walker said that 1986 results also reflected lower margins at Amfac Health Care, caused by increased competitive pressures that reduced business in the secondary supply market.

Bindley reports earnings up 11% to $5.2M for '85

INDIANAPOLIS — Bindley Western Industries reported 11% higher sales and earnings for the fiscal year ended Dec. 31, setting company records.

Sales rose to $627 million, up from $567 million a year earlier, while earnings rose to $5.15 million, up from $4.65 million.

Fourth-quarter sales were up 5% to $169 million, as earnings rose 3% to $1.37 million.

Unusual legal expenses related to grand jury investigations and related matters impacted earnings per share by 8¢ for the year and 5¢ for the final quarter.

The wholesaler operates distribution centers in this city, plus Orlando, Houston, Atlanta, Phoenix and Dallas.

		STOCK PRICE							TREND TO MARKET				EARNINGS/SHARE					P/E	DIVIDENDS			FINANCIAL POSITION				
		From 02/21/86 - 03/10/86							Price Trend (% per day)		Volume Trend (% per day)			Latest 12 Months vs Preceding 12 Months Change		5-Year Annual Growth Rate	Profit Margin		Indicated Dvd. rate			Last Fiscal Year			Last Fiscal Year (Per Share)	
					Change		52-Week						Last Fiscal Year					Latest P/E Ratio			Last X-Dvd. Date			Current Ratio	Long Term Debt	Common Stock Equity
Name	Symbol	High	Low	Close	Amt	Pct	High	Low	Last 30 Days	Last 5 Days	Last 30 Days	Last 5 Days		Amt.	Pct				Amt.	Yield		Revenue	Earnings			
-	-	$	$	$	$	%	$	$	%	%	%	%	$	$	%	%	%	-	$	%	-	$ Mil	$ Mil	-	$	$
Chain Store transactions																										
Am Stores	ASC	65.75	56.00	58.63	-5.13	-8.04	68.25	48.63	-.41	-2.93	7.46	41.40	5.71	.86	N 19.5	34.0	1.5	11.1	.84	1.4	12-09-85	12118.8	185.5	1.2	37.93	21.40
Begley Co	BGLY	22.50	21.25	21.25	-1.00	-4.49	23.50	15.50	.82	.00	-2.51	66.67	1.26	.50	N 42.7	10.0	1.1	12.7	.72	3.4	01-14-86	66.1	.7	1.7	13.77	18.84
Big B	BIGB	14.63	13.00	13.00	-1.25	-8.77	19.50	13.00	-.83	-2.45	2.49	29.54	.68	.11	N 18.0	19.0	3.0	18.1	.00	.0	09-21-83	148.1	4.4	2.3	1.20	4.58
Drug Sys	DRGS	4.88	4.13	4.75	.13	2.70	6.13	3.75	-.69	3.90	-.79	-16.25	.35	-1.02	N -100.0	NC	1.2	NE	.50	10.5	01-06-86	104.7	1.3	3.2	1.13	6.18
Eckerd, Jack	ECK	31.38	30.63	31.25	.50	1.63	31.50	20.00	-.08	.15	-4.64	48.48	-.22	-2.61	Q -100.0	NC	-.3	NE	1.04	3.3	03-03-86	2508.5	-8.3	1.6	2.64	14.49
Fay's Drug	FAY	11.38	9.88	10.63	.63	6.25	11.38	8.00	.20	-.50	.36	-6.24	.62	-.32	N -48.5	30.0	2.4	31.3	.20	1.9	03-21-86	366.7	8.7	1.8	1.65	4.28
Genovese Drug	GDX	13.88	13.00	13.13	-.25	-1.87	14.50	9.13	-.21	-1.42	1.87	-5.84	1.03	-.09	N -8.7	41.0	1.9	13.8	.20	1.5	12-23-85	220.3	4.1	1.7	2.06	5.73
Longs Drg Strs	LDG	30.63	26.63	27.13	-4.25	-13.55	32.13	24.00	-.62	-1.35	6.14	28.89	1.74	-.14	F -7.4	8.0	2.5	15.6	.72	2.7	02-26-86	1480.8	37.7	2.1	.00	12.23
Medicare Glaser	MGCO	4.50	3.75	3.75	-.75	-16.67	5.50	3.75	-.67	1.26	-7.68	33.33	.05	-.49	N -100.0	NC	.2	NE	.00	.0	00-00-00	81.7	.2	2.2	3.58	3.52
Medicine Shoppe	MSII	25.00	24.75	24.75	-.25	-1.00	26.00	21.00	.27	-.11	-3.53	51.08	.84	.16	Q 22.5	49.0	22.4	28.4	.00	.0	00-00-00	13.4	3.0	9.2	.00	5.08
Perry Drug	PDS	15.88	15.13	15.25	-.25	-1.61	18.75	11.19	-.60	-.56	1.53	4.99	.98	.18	Q 22.2	16.0	1.8	15.4	.22	1.4	02-20-86	521.6	9.6	1.5	1.60	7.07
Revco Drug	RDS	32.38	28.88	32.00	2.88	9.87	32.38	23.13	.33	.50	.87	8.34	1.06	-1.50	S -65.2	-5.0	1.6	40.0	.80	2.5	02-19-86	2395.6	38.9	1.7	1.22	12.48
Rite Aid Corp	RAD	29.38	27.75	29.25	1.25	4.46	31.75	21.50	.29	.44	-1.39	-7.58	1.69	-.11	N -6.7	8.0	4.8	19.0	.58	2.0	01-13-86	1445.7	69.9	1.9	2.02	8.58
Thrifty Cp	TFD	26.63	25.00	26.00	-.63	-2.35	26.75	18.13	.09	-.05	-2.01	-10.04	1.60	.19	Q 13.3	16.0	2.3	16.0	.64	2.5	02-04-86	1404.9	31.9	1.7	5.86	6.85
Walgreen Co	WAG	32.25	29.38	31.88	1.25	4.08	32.25	22.50	.44	.95	-1.58	8.62	1.53	-.39	Q -23.1	19.0	3.0	24.5	.50	1.6	02-11-86	3161.9	94.2	1.8	1.17	7.83
Wholesaler's transactions																										
Bergen Bruns	BBCA	36.00	34.63	36.00	.63	1.77	36.00	21.41	.20	.67	-2.85	7.92	1.82	.25	Q 15.9	15.0	1.0	19.8	.32	.9	01-28-86	2434.9	24.2	1.7	11.12	12.07
Bindley Wstn	BIND	11.75	10.88	11.75	.13	1.08	15.00	7.75	.35	1.99	1.85	24.01	.73	.15	N 23.4	23.0	.8	14.9	.00	.0	05-01-85	566.7	4.7	1.4	.08	5.46
Cardinal Distrb	CDIC	22.50	21.59	22.13	.75	3.51	22.50	13.22	.67	-.12	.07	38.80	.92	.42	N 46.7	NC	1.2	16.8	.08	.4	03-25-86	320.0	3.7	1.7	.85	8.04
Durr Fillauer	DUFM	15.25	14.13	14.50	.38	2.65	15.25	9.25	.47	-.59	1.24	-36.36	.78	.04	F 5.4	13.0	1.4	18.6	.15	1.0	02-24-86	427.1	6.1	2.3	1.21	6.05
Foxmeyer Cp	FXM	34.88	34.75	34.88	.13	.36	34.88	20.75	1.08	.00	-6.42	-66.75	1.56	-.62	N -29.8	27.0	1.3	23.9	.00	.0	00-00-00	717.1	9.0	2.8	17.31	16.51
Ketchum	KCH	23.00	19.38	21.75	1.75	8.75	23.25	14.06	-.14	-1.14	6.45	-17.85	.56	-.01	N -2.2	NC	.2	49.4	.00	.0	09-23-85	273.7	.6	1.4	7.87	7.52
McKesson Cp	MCK	57.00	53.75	54.75	-1.50	-2.67	57.00	42.00	-.01	.13	-.03	-10.79	3.60	.38	N 10.9	-1.0	1.3	14.1	2.40	4.4	02-25-86	4887.1	65.0	1.5	12.99	30.40
Moore Med	MMD	22.75	20.25	22.50	1.50	7.14	23.38	12.31	.24	-.08	2.75	-1.82	1.02	.45	N 47.4	18.0	2.9	16.1	.00	.0	05-23-85	115.4	3.3	3.3	2.45	5.25
Owens & Minor	OBOD	18.25	16.63	18.25	1.38	8.15	18.38	9.66	-.26	1.11	1.68	26.12	1.14	.19	F 20.0	18.0	1.2	16.0	.28	1.5	12-10-85	367.3	4.4	3.0	5.35	8.54
Manufacturer's transactions																										
Abbott Labs	ABT	74.38	66.13	74.00	7.00	10.45	74.38	49.00	.01	.78	.04	6.64	3.88	.54	F 16.2	18.0	13.8	19.1	1.40	1.9	01-09-86	3360.3	465.3	1.9	3.91	13.33
Am Home Prod	AHP	75.50	68.88	75.38	5.25	7.49	75.50	54.75	.07	1.96	-1.36	16.22	4.70	.31	F 7.1	11.0	15.3	16.0	3.10	4.1	02-07-86	4684.7	717.1	3.4	.26	13.74
Baxter Travenol	BAX	18.00	16.88	17.88	.25	1.42	18.38	12.38	.27	.84	.41	19.49	.85	.64	F 304.8	-14.0	5.8	21.0	.40	2.2	03-11-86	2355.0	137.0	1.6	1.46	7.83
Block Drugs Co	BLOCA	26.25	24.75	25.00	.50	2.04	26.25	14.81	.28	.20	-1.74	49.42	1.70	.22	N 13.6	12.0	10.5	13.6	.50	2.0	02-25-86	247.8	25.9	2.4	1.59	10.91
Bolar Pharm	BLR	20.50	16.88	20.25	3.25	19.12	22.63	12.00	.67	1.52	1.82	18.43	.61	.10	N 17.2	22.0	18.2	29.8	.05	.2	02-24-86	29.1	5.3	7.5	.00	3.70
Bristol-Myers	BMY	72.50	65.38	72.38	5.00	7.42	72.50	53.63	.26	1.01	-1.14	-6.96	3.86	.41	F 11.9	14.0	12.0	18.8	2.20	3.0	03-31-86	4444.0	531.4	2.5	.75	15.63
Carter-Wallace	CAR	59.38	53.63	59.00	4.13	7.52	59.38	31.13	-.15	.67	-3.00	5.95	2.66	.86	N 32.8	21.0	5.9	17.0	.60	1.0	02-10-86	348.8	20.7	2.2	1.53	23.37
Forest Labs	FRX	33.88	29.63	33.38	3.38	11.25	33.88	17.38	.05	1.99	7.02	9.06	.73	.40	N 70.2	16.0	17.4	34.4	.00	.0	01-14-83	24.1	4.2	4.5	.22	5.90
ICN Pharm	ICN	14.63	12.75	13.88	-.75	-5.13	15.63	8.50	-.11	-1.28	-3.58	-25.99	.00	-.12	N -85.7	NC	1.6	NM	.00	.0	00-00-00	44.8	.7	3.0	2.43	4.50
Key Pharm	KPH	16.25	12.63	16.13	3.50	27.72	16.25	7.13	1.07	.81	6.97	-4.22	-.02	-.63	F -100.0	NC	-.5	NE	.00	.0	09-09-85	152.1	-.8	3.4	2.52	1.60
Lilly Eli Co	LLY	60.25	55.63	57.00	.50	.89	60.25	37.50	.03	-.22	.60	-18.75	3.69	.31	F 9.2	11.0	15.8	15.4	1.80	3.2	02-07-86	3270.6	517.6	1.7	.81	15.52
Lee Pharm	LPH	17.38	12.25	17.13	4.63	37.00	17.38	4.63	1.14	3.97	-.63	1.62	.40	.17	Q 70.8	NC	6.6	41.8	.00	.0	00-00-00	12.2	.8	3.1	.00	2.49
Leiner P Nutri	PLIN	13.50	12.75	12.75	-.25	-1.92	14.25	8.25	.00	-.16	-3.41	-34.48	.78	-.10	N -12.5	NC	4.1	18.2	.00	.0	00-00-00	53.6	2.2	2.5	.00	4.90
Marion Labs	MKC	60.00	54.63	59.88	2.00	3.46	60.25	26.50	-.08	.83	1.90	-32.08	.94	.42	S 55.3	38.0	12.2	50.7	.36	.6	03-14-86	295.7	36.2	2.1	.00	4.17
Merck & Co	MRK	155.00	146.25	150.88	-1.63	-1.07	155.00	98.25	.12	.58	-.38	-5.24	7.58	.87	F 13.0	7.0	15.2	19.9	3.60	2.4	02-27-86	3547.5	539.9	2.0	2.48	35.29
Morton Thiokol	MTI	36.50	33.88	35.25	-.13	-.35	40.50	28.63	.02	1.08	-5.71	4.70	2.50	.37	S 16.0	22.0	6.7	13.2	.70	2.0	02-14-86	1832.3	122.8	1.8	3.25	15.00
Mylan Labs	MYLN	18.00	16.25	18.00	1.00	5.88	26.00	13.50	-.16	1.57	1.04	9.21	.52	.41	N 100.0	71.0	23.3	22.0	.10	.6	12-27-85	53.6	12.5	5.9	.09	1.22
Newport Pharm	NWPH	8.88	7.63	8.38	1.88	28.85	14.50	5.75	-1.91	.32	3.14	-14.25	.05	-.08	N -100.0	NC	6.7	NE	.80	9.6	05-23-85	9.0	.6	3.2	.21	.96
Par Pharm	PARP	16.75	14.25	16.75	2.00	13.56	23.25	11.75	-.17	.28	1.78	-8.85	.47	.00	Q .0	76.0	14.1	34.9	.00	.0	00-00-00	21.3	3.0	2.2	.92	2.33
Pfizer Inc	PFE	56.13	51.13	55.25	3.13	6.00	56.25	39.63	.20	.60	-1.02	-2.21	3.44	.36	F 11.7	16.0	14.4	16.1	1.64	3.0	01-27-86	4024.5	579.7	2.3	2.10	15.45
Reid Prov Labs	REID	10.75	10.50	10.63	1.88	21.43	10.75	4.00	2.32	.00	3.72	-3.75	.13	.06	S 46.2	28.0	6.0	55.9	.04	.4	12-06-85	16.6	1.0	3.1	.02	.92
Robins, AH	QRAH	15.63	12.88	15.38	1.75	12.84	23.13	5.50	-.11	.31	1.03	3.80	2.53	20.97	F NE	NC	8.7	6.1	.00	.0	11-19-84	706.1	61.4	1.7	.47	-5.23
Rorer Group	ROR	37.00	32.75	35.88	2.63	7.89	47.00	28.63	-.20	.03	2.14	-45.15	1.72	-.36	F -17.3	2.0	10.9	20.9	1.12	3.1	02-04-86	338.1	36.8	1.9	2.18	11.07
Scherer RP Co	SCHC	13.25	11.63	11.63	-1.88	-13.89	16.50	9.75	-1.48	-2.13	-5.22	6.58	-.43	-.96	N NE	NC	-2.0	NE	.32	2.8	03-07-86	167.4	-3.4	1.7	4.07	9.72
Squibb Corp	SQB	92.50	83.13	91.00	7.00	8.33	92.50	52.00	.16	1.00	-1.78	.81	4.20	.52	F 14.1	25.0	11.1	21.7	1.76	1.9	02-14-86	2041.7	226.6	2.3	3.74	24.87
Sterling Drug	STY	42.88	39.25	42.63	2.25	5.57	42.88	28.88	-.08	1.68	-.77	-5.47	1.83	-.54	F -22.8	-1.0	6.3	23.3	1.20	2.8	02-12-86	1753.7	109.7	2.6	1.32	15.34
Syntex Corp	SYN	52.75	47.88	52.63	4.50	9.35	52.75	27.69	.24	.63	1.33	-10.83	2.33	.79	S 39.3	14.0	15.8	18.8	1.20	2.3	12-16-85	948.5	150.0	2.1	2.68	9.40
Thompson Med	TM	15.25	14.00	14.88	.88	6.25	16.50	11.75	-.20	.16	-2.23	-8.98	1.18	-1.02	F -46.4	10.0	8.1	12.6	.40	2.7	12-23-85	136.8	11.1	4.3	.00	7.09
Upjohn Co	UPJ	153.00	146.63	150.00	-.75	-.50	153.00	76.75	.34	.12	-1.31	18.94	5.67	.39	N 6.9	1.0	8.0	24.8	3.04	2.0	04-01-86	2179.1	173.3	1.7	12.47	37.00
Warner-Lambrt	WLA	52.63	47.50	52.38	4.63	9.69	52.63	33.75	.12	.62	1.29	.12	-4.05	-6.86	F -100.0	NC	-9.9	NE	1.56	3.0	02-03-86	3200.1	-315.6	1.7	6.47	18.18

All data are based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

Footnotes:

NA - Not Applicable
NC - Not Calculable
NE - Negative Earnings
NM - No Meaningful Figure
Q - First Quarter
S - First 6 Months
N - First 9 Months
F - Fiscal Year

Data and Table Prepared by Media General Financial Services, Inc., Richmond, Virginia 23219

Regulates cigarette pricing

N.Y. snuffs out low-balling

Major drug chains were the winners when New York became the latest state to adopt a fair trade law, setting floors at which cigarettes must be priced for wholesale and retail sales.

Chains are getting more cigarette sales and higher gross dollars as a result of the state's six-month-old Cigarette Marketing Standards Act, which prevents retailers from low-balling smokes below their cost.

"The major chains' volume has increased slightly in a declining market, whereas the smaller drug stores have experienced declining sales," said David Schneidman, president of Valley Stream Distributors, a Long Island wholesaler and distributor that serves 1,200 to 1,400 customers a week, including Genovese and Austin Drugs, and Walgreens' New York stores.

Schneidman said larger chains were being victimized by low-balling activities among independents, who were selling below cost in some cases.

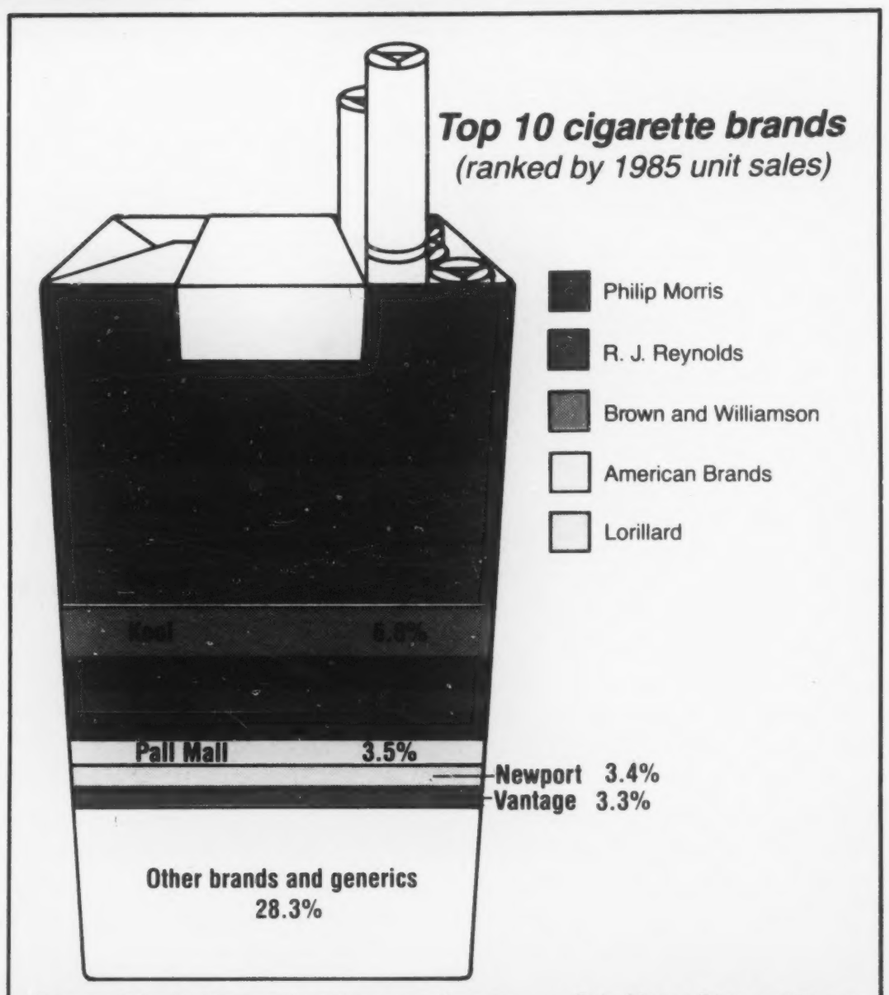
While chains such as Genovese had been cutting prices back in some markets to compete, their overall gross margins and price points were higher than those of the "Mom and Pop" independents, and sales suffered as a result, said Genovese buyer Lenny Genovese.

Genovese cigarette sales picked up 30% since the law was passed.

New York became the 28th state to create a law regulating cigarette pricing. The so-called "sales-below-cost" laws do not fix prices.

New York's law, for example, requires wholesalers to add a 4½% markup to their basic cost (purchase price plus taxes). The retailer, in turn, must mark it up an additional 5%, said Schneidman.

He said some local independents were selling cartons at 10¢ to 12¢ gross profit.



Source: John C. Maxwell Jr., tobacco analyst, Furman, Selz, Mager, Dietz and Birney.

Disposable lighter sales up 5%

Nudged by retailer and vendor promotions, consumers are making the disposable lighter category a bright spot.

While unit tobacco sales continued to slide, the disposable lighter market grew about 5%, with 480 million units sold in 1985.

Market leaders Bic and Scripto were the main recipients of the increased business, which vendors attributed to smokers converting from their use of matches. Bic, experiencing growing demand for its Mini-Bic, saw its market share increase from 55% in 1984 to 58%. Scripto's four-model line allowed that company to boost its share to 30%, from 20% two years ago, Scripto said. Cricket accounts for much of the remaining share.

Bic sales increased at Begley Drug, with strong demand for its conventional lighter—notably in the 2-pack version—undiminished by growing popularity of the Mini-Bic, which customers want because "it's smaller in the pocket," said Begley buyer Ralph Kinder.

Building off the success of Bic's 4-pack offered by the vendor last year with a $1 rebate, Begley this year will promote Bic's new 5-pack of conventional-sized lighters.

Although customers responded well to the 2-pack offer with candy mints that Cricket provided in 1985, Kinder said he is holding back on a commitment to the line this year, waiting to see what the Universal Match Company will do after it takes over all phases of the Cricket business in July, following its purchase of Cricket from Gillette this year.

In Scripto products, Begley will pick up for a second year the Ultra Lite, being offered this year at $1 retail, with a $1 rebate.

DPP

(Continued from page 16)

convinced about the category's future.

Fay's is drastically cutting back its exposure by reducing its sku's from 150 to 100. It will bring cartons behind the counter because of a problem with shrinkage, eliminating self-service displays.

A Fay's spokesman said that as a result of the flat market, the company is taking pack displays off checkout lanes, where they will be replaced with higher-grossing items, and consolidating cigarettes into endcaps.

Demand slid in '85

Indeed, cigarette demand continued to slide in 1985, with wholesale unit sales at 595.51 billion, down 0.5% from 1984's 600.23 billion. Retail consumer sales were down about 1% from 1984, according to tobacco analyst John Maxwell Jr.

While they are more concerned about what they ingest, consumers are also less willing to pay for the pleasure, after the industry levied two more price hikes in 1985. Many vendors upped the price of 1,000 cigarettes by $1 in June and $1 again in December.

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